

Daily Dairy Report

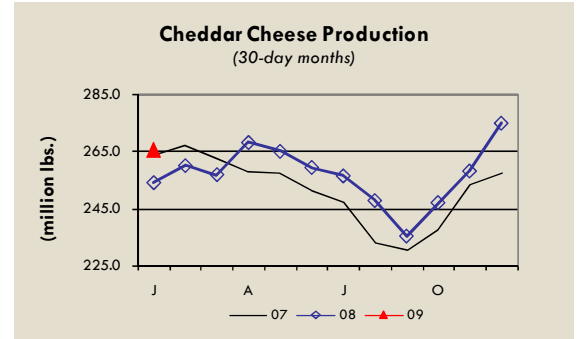
Dairy market information provided by Alan Levitt

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JANUARY CHEDDAR CHEESE PRODUCTION +4.5%

Recent cheese trading activity suggests prices have settled into a range where orders slow when prices reach about \$1.30 and orders pick up again when they fall below \$1.20. Today's session was characterized by sales initiated by both offers and bids. In all, 22 loads of blocks and 4 loads of barrels were sold. Milk futures were mostly quiet – settling from -3¢ to +5¢. However, prices moved higher in post-settlement Globex trading.

Growth in cheese production slowed in January in line with slowing increases in milk output. Total cheese production last month was 821.0 million lbs., up 1.0% vs. prior year, according to USDA's "Dairy Products" report released this afternoon. This is the smallest year-over-year growth since May 2008. Production of cheddar cheese was 4.5% higher to 274.2 million lbs. (see chart), while output of mozzarella was 265.6 million lbs. (-5.6%) and other varieties was 281.2 million lbs. (+4.5%).



By region, cheese production in January was up 4.4% in the Central states, down 1.2% in the West and down 2.9% in the Atlantic, USDA says. Among states reported, the largest increases over a year ago came from Iowa and Wisconsin (each +2.2 million lbs.). The largest declines came from California (-8.9 million lbs.) and Vermont (-4.5 million lbs.).

Butter production in January was 174.7 million lbs., up 3.5% vs. a year ago. NDM/SMP output was 173.8 million lbs., up 5.5%. Dry whey production was 88.4 million lbs., down 3.6%. **cme**

MARCH 4 TRADING ACTIVITY

	Class III Futures			Class III Options Calls		Class III Options Puts		Dry Whey Futures		Nonfat Dry Milk Futures		Butter Futures – Cash settle	
	Settle (\$)	chg. (¢)	volume & open interest from previous day	Settle (\$)	chg. (¢)	Settle (\$)	chg. (¢)	Settle (¢)	chg. (¢)	Settle (¢)	chg. (¢)	Settle (¢)	chg. (¢)
MAR09	10.20	NC	61 4923	10.25 @ 0.13	NC	10.00 @ 0.07	NC	16.000	NC	82.000	NC	113.500	+0.750
APR	10.35	+3	156 4339	10.50 @ 0.32	+1	10.25 @ 0.34	-1	17.750	NC	83.000	NC	121.750	+0.750
MAY	10.75	+4	71 4258	10.75 @ 0.51	+2	10.75 @ 0.51	-2	18.000	NC	85.250	NC	124.500	NC
JUN	11.35	+4	135 3736	11.50 @ 0.54	+1	11.25 @ 0.56	-2	20.750	-0.250	87.500	NC	127.000	NC
JUL	12.50	+5	69 2814	12.50 @ 0.73	-1	12.50 @ 0.73	-6	22.020	NC	88.750	NC	130.000	NC
AUG	13.35	+5	20 2768	13.50 @ 0.80	+3	13.25 @ 0.81	-3	23.000	+0.200	89.750	NC	132.250	NC
SEP	13.85	NC	27 2682	14.00 @ 0.89	-1	13.75 @ 0.91	NC	23.500	+0.250	91.500	NC	134.000	+0.400
OCT	14.15	NC	20 2378	14.25 @ 1.00	NC	14.00 @ 0.97	NC	25.500	+0.250	93.000	NC	137.250	+1.000
NOV	14.49	-1	26 2236	14.50 @ 1.14	-1	14.25 @ 1.02	NC	25.500	NC	95.000	NC	138.000	+0.500
DEC	14.51	NC	29 2291	14.75 @ 1.09	-1	14.50 @ 1.19	-1	26.000	NC	95.000	NC	139.000	+0.250
JAN10	14.55	-3	5 221	15.50 @ 0.90	-1	13.00 @ 0.59	+1	25.000	NC	99.500	NC	138.000	NC
FEB10	14.60	+4	2 161	16.00 @ 0.79	NC	13.00 @ 0.63	NC	26.000	NC	115.000	NC	140.000	NC

➤ Spot Prices (with change, in cents, from previous day):

Block cheese	\$1.1700 (+0.50)
Barrel cheese	\$1.1775 (-1.00)
AA Butter	\$1.1625 (+0.75)
NDM Extra Grade	\$.8500 (NC)
NDM Grade A	\$.8325 (NC)

➤ Milk Prices (with change from previous month):

Feb. Class III milk (USDA)	\$9.31 (-\$1.47)
Feb. Class IV milk (USDA)	\$9.45 (-\$0.14)

➤ Futures Volume and Open Interest

	Volume	Open Interest
Class III	624	33,208
[*5 Pit, 619 Electronic]		
Class IV	25	218
NDM	1	936
Dry whey	16	1,396
Butter (cash settle)	41	4,213

➤ Options Volume and Open Interest

	Volume	Open Interest
Class III	273	46,973
Class III Midi	0	137
Dry whey	0	140
Butter (cash settle)	0	40

Futures and options volume and open interest from previous trading day

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